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S E C R E T SECTION 01 OF 02 CANBERRA 001012

NOFORN
SIPDIS

E.O. 12958: DECL: 11/10/2019
TAGS: [AS](#) [CH](#) [PGOV](#) [PREL](#)
SUBJECT: VISITS SIGNAL WARMING RELATIONS WITH CHINA

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Classified By: Pol/Econ Counselor Edgard D. Kagan for Reason 1.4(b)(d)

11. (C/NF) SUMMARY: A pair of recent visits by high-level Chinese officials signals that China is willing to move past recent tensions with Australia. PLA Chief of Staff General Chen Bingde and Vice Premier Li Keqiang both met with Prime Minister Rudd and other senior officials during their visits, which came just weeks apart. Chen delivered hard messages on some bilateral issues, but both he and Li were generally positive about relations with Australia. Several key Australian government officials, including the Prime Minister, are planning to visit China early next year. Australia's relationship with China is on the upswing after a tense six months.

Vice Premier Avoids Tough Issues

12. (C/NF) Chinese Vice Premier Li Keqiang recently visited China and met with several of the most senior figures in the government. Deputy Prime Minister Julia Gillard met Li at the airport, and he went on to have audiences with Prime Minister Kevin Rudd and leader of the opposition Malcolm Turnbull during a two day, three city visit to Australia. Rudd hosted Li for dinner in Canberra and the two spoke for over three hours. According to Richard Neumann of the China Political and External Section at the Department of Foreign Affairs and Trade (DFAT), Li was very forward leaning and avoided mentioning the more divisive issues that have marred the Sino-Australian relationship of late.

13. (C/NF) Though agreed to in principle earlier in 2009, the PRC approached Australia to arrange Li's visit on comparatively short notice. It was highlighted by the release of the first joint statement from the Australian and Chinese governments since 1972. Li had expressed interest in visiting some months back, but did not commit to the visit until one week before his scheduled arrival, Neumann said. Prior to the trip, China pressed hard to get Australia to agree to the joint statement, which expresses a general commitment to working closer together. China was so eager to finalize the statement that it readily agreed language that Neumann expected to be the contentious, such as the reaffirmation of Australia's position on Taiwan and the softening of Chinese language asserting Chinese rule over Tibet. A small group of protesters gathered outside Li's hotel in Brisbane, but other than that Neumann characterized the visit as a success.

PLA Chief of Staff: Don't "Slavishly" Follow America

¶4. (S/NF) The Li visit follows closely the recent visit by General Chen Bingde, Chief of Staff of the People's Liberation Army (PLA). During a meeting with Australian Department of Defence (ADOD) officials a few weeks prior to Li's arrival, Chen was less conciliatory. Chen came with clear talking points, and in a meeting that Defense Minister John Faulkner characterized as "an exchange of speeches," Chen criticized Australia for "slavishly" following America. He also chided Australia for their portrayal of China as a potential threat in the Defence White Paper and for several high profile cases in which Chinese investments in Australian natural resources were blocked over security concerns. Still, Chen was generally positive about the future of Australian and Chinese relations, reserving his harshest words for criticism of the United States. Kim Arthur, Director of the North Asia Division for ADOD, reported that during his own three hour meeting with PM Rudd, Chen asked whether recent tensions constituted a change in the relationship. Rudd assured him that nothing fundamental about the relationship had changed because of recent events.

Going Forward: Rudd, Others to Visit China

¶5. (C/NF) The visit of two officials of such high rank within a month shows that China is willing to move past recent tensions with Australia. Neumann said that both visits were considered a success from the Australian side, and that both Li and Chen left happy. He believes that the Li visit was finalized only after China considered the Chen visit a success and that Li was sent here as the "good cop" after Chen delivered the hard messages.

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¶6. (C/NF) Within the next six to eight months, many top Australian officials plan to visit China. DFAT's Neumann expects that Prime Minister Rudd will visit China for the Shanghai Expo in 2010. Deputy Prime Minister Julia Gillard, Defense Minister John Faulkner and the Chief of the Defence Force Angus Houston also plan to visit Beijing during the first half of next year.

Foreign Minister to Take Play a Greater Role?

¶7. (C/NF) Foreign Minister Stephen Smith recently gave a speech on China policy possibly signaling a growing role for him in that arena. Smith's speech was his first major address on China since becoming Foreign Minister. Rudd, who speaks Mandarin and has worked as a diplomat in China, is widely seen as the key government player on China policy. Neumann says that many within the Australian government are taking the speech as a signal that Smith will now take on a greater role, possibly the lead role, on China issues.

¶8. (C/NF) COMMENT: It appears that both China and Australia are eager to move past recent tensions and resume their normal working relationship. The fact that Australia managed to arrange meetings with the Prime Minister, Deputy Prime Minister, and Leader of the Opposition for Li within one week signals the level of commitment within the government to engagement with China. Barring another high profile spat, the worst of the tension is over and Australia and China will continue to increase their economic and political ties. END COMMENT.

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